Stakeholder Comments Template

Reliability Must Take

Submitted by	Company	Date Submitted
Ellen Wolfe – 916 791 4533	*Resero Consulting for WPTF*	*01/12/11*

WPTF is pleased to have the opportunity to present these comments. The CAISO's straw proposal would implement a new preferential scheduling priority class for "regulatory must-run pump loads" intended, in part, to replace current scheduling priority rights that will expire when legacy existing transmission contracts (ETCs) terminate, and it would modify the definition of must-take generation to create a new preferential class for certain industrial facilities that will have their rights associated with the Public Utility Regulatory Policy Act of 1978 (PURPA) expire as a result of a recently approved settlement at the CPUC.

WPTF is concerned about carving out special rights for these certain narrow market participants. With respect to the pump load issues, during the formulation of the CAISO, FERC approved limited preferential ETC rights with the understanding that such rights will *expire* over time, thus eventually ensuring satisfaction of FERC's requirement that all market participants be afforded comparable, open, and non-discriminatory access to the transmission systems. It runs counter to this intention to permanently codify in the CAISO tariff those same, higher, scheduling priorities for those entities whose ETC contracts are expiring. As the ETC contracts expire, these entities should be required to manage their market risks as do all market participants who need access to a reliable transmission service. Specifically, but not limited to CRRs, special rights should not be afforded entities whose ETC contracts expire, extending a priority to only a few at the expense of market efficient outcomes for all. At the minimum additional information should be provided all stakeholders so informed and equitable decisions can be made.

With respect to re-defining must take generation to reflect the termination of PURPA obligations, a special "must take" carve out for facilities previously covered by PURPA raises similar concerns. In short, the CHP settlement referred to in the CAISO proposal will not become effective unless and until FERC approves the utilities' requests to terminate their PURPA obligations. Indeed, existing QF suppliers and QF developers are signatories to the CHP settlement approved by the CPUC, which suggests that they will support the IOUs' applications for termination of the PURPA obligations. Therefore, it appears wholly inappropriate for the CAISO to initiate a proposal that preserves the same must take status afforded to QF facilities under PURPA because of the CHP Settlement, when the PURPA obligations themselves are expected to be terminated as a result of that settlement. In other words, if FERC allows termination of PURPA obligations it makes little sense for the CAISO to provide PURPA like protections through its FERC approved tariff.

WPTF requests that the CAISO reconsider this policy, or at a minimum provide more explanation as to why these participants warrant creation of new discriminatory treatment relative to other participants.